is at the present moment threatening us with a "reform" of our banking system which perpetuates many of the fundamental fallacies from which we have suffered in the past.

Mr. Fowler's own plan, developed in the last three chapters, is in the reviewer's opinion deserving of the most careful consideration. Its main features are as follows: Authority is granted to national banks to do savings and trust company business, the assumption being that practically all commercial banks will eventually become national banks. Provision is made for refunding the two per cent bonds, abolishing the present bond-secured national bank notes, retiring the greenbacks, and making token money of the silver dollars. Every bank is compelled to carry reserves consisting of gold or gold certificates only. A note issue system is provided, similar to that in Canada. The country is separated into a number of commercial zones, each with a central clearing house. This central organization is to hold deposits, make exchanges, redeem checks and notes, make rediscounts, examine the banks of its territory, etc., performing thus the functions of a clearing house and central bank for its territory. Its organization is to be quite independent of the other zones, but brought into a national system through its relation with a national "American Reserve Bank." The reserves of the whole country will be held partly by the individual banks, but largely mobilized in the zone centers and the central reserve bank. A simple scheme of electing the officers of the various clearing houses and of the central bank would seem to put the management where it belongs and keep politics entirely outside. The United States government is relieved of the business of issuing credit currency or of keeping up its independent treasury.

Mr. Fowler's plan is based upon sound principles. In the reviewer's opinion, it is immeasurably superior to the Aldrich plan, which the author criticizes very severely, as well as to the monetary bill at present before Congress. Mr. Fowler has long stood as the champion of scientific banking reform. Few members of Congress in recent years have so fully grasped the economic principles on which alone a sound currency system can be established.

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Le Banche e il Mercato Monetario. By MARCO FANNO. (Rome: Athenaeum. 1913. Pp. 395. 8 l.)

This volume is a stimulating contribution to economic literature.

It covers in an excellent manner the relation between the development of banking and the development of the money market, a field which, strangely enough, is but lightly touched upon by American and English writers. The footnote quotations from French, German, English, and American writers, as well as Italian, show a wide grasp of the subject from the standpoint of history and of theory, and would alone make the volume valuable.

Fanno traces the development of banking during the last three centuries through three stages of economic growth: (1) the agricultural period, to which belongs the development of the *banche di emissione*, or the banks of issue, adapted as they are to assisting in the monetary needs of agricultural communities; (2) the period of transition, in which originated the institutions of *credito mobiliare*, or commercial banks, and *banche di deposito*, or banks of deposit; (3) the industrial period, which saw the centralization of banking in all countries, coördinate with the general centralization of economic structure, and with the domestic and foreign expansion of individual institutions. Along with this analysis is a study of the coördination of these different kinds of banking institutions, the laws of their development, and the part they have played in gradually working out a division of labor and function, and all together forming a complete organism.

In the last chapter of part I, Fanno shows the close connection between the stock exchange and the various elements in the funds of banks. Between the stock market and the money market exists a connection intimate and reciprocal, a movement in the one reflecting itself in the movement of the other. Part II elaborates the activities and laws of the money market, based as they are upon the banking practices of the most advanced countries and having their movements balanced upon the daily movements of the short-time loan market. These laws of the money market are examined by separating them from the technical aspects of market phenomena and by reducing them to mathematical formulae, a method difficult for the non-mathematical student to follow.

Excellent chapters on the demand for and the supply of loanable funds lay the foundation for a discussion of the organic laws of the money market in three hypothetical cases: that of a single merchant, that of communicating countries having equal rates of discount, and that of communicating countries having diverse rates of discount.

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